

## Message Text

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PAGE 01 BONN 12773 01 OF 02 071706Z

45

ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 EA-06 ARA-06 AF-06 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 FEA-01 PA-01 PRS-01 IO-10 /134 W

----- 118248

R 071647Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1984

INFO AMEMBASSY TEHRAN

USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY VIENNA

USMISSION OECD PARIS

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 01 OF 02 BONN 12773

E.O. 11652: GDS

TAGS: ENRG, ETRD, IR, GW, EEC

SUBJECT: FRG - IRAN ECONOMIC RELATIONS

REF: TEHRAN 7543

1. SUMMARY: FRG ECON MINISTRY OFFICIAL REPORTS THAT RECENT JOINT COMMISSION MEETINGS IN TEHRAN COVERED WIDE RANGE OF SUBJECTS IN VERY GOOD ATMOSPHERE. IN CONTEXT OF PRODUCER-CONSUMER DIALOGUE, GOI WAS NOT AS ADAMANT ON INDEXATION AS IN THE PAST, AND DID NOT RAISE ISSUE OF FOURTH COMMISSION. TWO NEW WRINKLES EMERGED ON  
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PAGE 02 BONN 12773 01 OF 02 071706Z

PROPOSED GOI - USSR - FRG TRIANGULAR GAS DEAL:

- (1) UNEXPECTED GOI INTEREST IN FINANCING INFRASTRUCTURE,
- (2) REPORTED FRENCH AND AUSTRIAN INTEREST IN JOINING CONSORTIUM. END SUMMARY.

2. AUGUST 7 BECKER (ECONOMICS MINISTRY DEPUTY ASSISTANT SECRETARY WHO ACCOMPANIED MINISTER FRIDERICH'S TO IRAN/FRG COOPERATION COMMISSION MEETING IN TEHRAN JULY 29 - 31) GAVE US READOUT WHICH SUPPLEMENTS AND CONFIRMS BASIC DETAILS OBTAINED BY EMBASSY TEHRAN (REF).

3. BECKER JUDGED THAT CLIMATE WAS QUITE GOOD. BILATERAL TALKS, INSIDE AND OUTSIDE COMMISSION SESSIONS, RANGED WIDELY. IN BECKER'S VIEW, IRANIANS DID NOT TREAT FRG TEAM WITH "CONDESCENSION" WHICH THEY HAD METED OUT AT 1974 MEETING. IN ADDITION, HE THOUGHT THAT ROUTINE OF COMMISSION TALKS HAS NOW BEEN ESTABLISHED, WITH RESULT THAT BOTH SIDES CAN ENGAGE IN TOUR D'HORIZON WITHOUT NEED FOR SPECTACULAR ANNOUNCEMENTS.

4. RE PROPOSED BUSHIRE REFINERY, BECKER SAID IRANIAN OFFICIALS (INCLUDING SHAH) RAISED ISSUE AT EVERY OCCASION. HE HAD IMPRESSION, THOUGH, THAT GOI REALIZES THAT REFINERY CANNOT MOVE FORWARD UNDER PREVAILING MARKET CONDITIONS. PERHAPS FOR THIS REASON, GOI TEAM MADE NO REPROACH ON SUBJECT. BOTH SIDES AGREED TO CONTINUE TALKING, BUT ROHWEDDER (STATE SECRETARY OF ECONOMICS MINISTRY) SAID FINAL DECISION MUST COME BY END OF CURRENT IRANIAN FISCAL YEAR NEXT MARCH. REVIEWING WELL-KNOWN PROBLEMS POSED BY REFINERY PROPOSAL, BECKER NOTED THAT FRG OIL INDUSTRY HAS NO INCENTIVE TO MAKE LARGE INVESTMENTS IN NEW REFINING CAPACITY, GIVEN FACT THAT PRESENT RECESSION HAS IDLED 40 PERCENT OF CURRENT FRG CAPACITY. BECKER ALSO FORESAW NO EARLY, OR FAVORABLE, DECISION FROM BRUSSELS RE ISSUE OF PREFERENTIAL ACCESS FOR PRODUCTS FROM BUSHIRE REFINERY.

5. RE OTHER JOINT PROJECTS (STEEL, ATOMIC PLANTS, ETC.), BECKER SAID GERMAN FIRMS WERE HANDLING NEGOTIATIONS AND, TO HIS KNOWLEDGE, COMMISSION THEREFORE DID NOT COVER THEM IN ANY DEPTH.

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PAGE 03 BONN 12773 01 OF 02 071706Z

6. DURING TEHRAN MEETINGS, FRG OFFICIALS DISCUSSED AT LENGTH PENDING GOI - USSR - FRG TRIANGULAR GAS DEAL. BECKER VOICED SATISFACTION THAT DISCUSSIONS, LED ON GERMAN SIDE BY RUHRGAS, HAVE BEEN GOING SMOOTHLY. HE ADDED THAT IT CAME AS SURPRISE WHEN GOI OFFICIALS RAISED ISSUE OF FINANCING INFRASTRUCTURE PROJECTS (PIPELINE, ETC.) WHICH WILL BE NEEDED TO

BRING GAS FROM FIELDS IN SOUTHERN IRAN TO SOVIET  
BORDER. IRANIANS DID NOT PRESS THE ISSUE AND INDICATED  
INTENT TO PUBLISH INTERNATIONAL TENDER FOR THESE  
PROJECTS. FRG TEAM EXPLAINED THAT GUARANTEES OF LOANS  
MIGHT BE POSSIBLE, BUT ONLY IF GERMAN FIRMS WON  
CONTRACTS -- A COMMITMENT WHICH GOI WAS NOT PREPARED  
TO GIVE. BECKER ADDED THAT BASIC NEGOTIATIONS RE GAS  
PROJECT ARE EXPECTED TO END BY NOVEMBER; HE PRIVATELY  
DOUBTED THAT ALL PHASES OF TALKS (E.G. DELIVERIES)  
WILL MEET THAT SCHEDULE. BECKER ALSO TOLD US THAT  
FRANCE AND AUSTRIA HAVE EXPRESSED DESIRE TO JOIN  
CONSORTIUM, IN LIEU OF BEING OUTRIGHT BUYERS OF GAS

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 12773

FROM RUHRGAS. SO FAR, GOI HAS TAKEN "RESERVED, IF NOT NEGATIVE" STANCE TO IDEA. IN ANSWER TO QUESTIONS, BECKER SAID FRG WOULD NOT MIND HAVING FRANCE AND AUSTRIA AS CONTRACTUAL PARTNERS IN CONSORTIUM, BUT THAT USSR MIGHT WELL BE NEGATIVE.

7. GOI OFFICIAL EQBAL (PHONETIC) ELABORATED BASIC GOI VIEWS ON NEED FOR PRODUCER-CONSUMER DIALOGUE, AND ON RELATED ISSUES. GOI OFFICIALS EXPLAINED THAT INFLATION HAD ERODED SOME 35 PERCENT OF IRAN'S EFFECTIVE OIL  
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PAGE 02 BONN 12773 02 OF 02 071700Z

INCOME IN PAST YEAR, BUT THEY DID NOT DIVULGE SIZE OF PRICE HIKE THEY EXPECT TO EMERGE FROM OPEC MEETING NEXT MONTH.

8. BECKER CLAIMED IDEA OF "FOURTH COMMISSION" DID NOT ARISE, BUT HE OPINED THAT OTHER OPEC MEMBERS WOULD FOLLOW SAG LEAD, IF SAUDIS REMAIN ADAMANT. EMBOFFS TOOK OCCASION TO PASS TO BECKER USG POSITION ON DIALOGUE, PER STATE 186335.

9. DISCUSSION ON FRG-SAUDI ECONOMIC COMMISSION MEETING COVERED SEPTTEL.  
HILLENBRAND

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMITTEE MEETINGS, INTERGOVERNMENTAL COOPERATION, JOINT VENTURES  
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**Copy:** SINGLE  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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Margaret P. Grafeld  
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